

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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CHINA AI CAPITAL LIMITED, a British Virgin Islands limited company, derivatively on behalf of LINK MOTION INC., a Cayman Islands limited company f/k/a NQ MOBILE INC.,

Plaintiff,

-against-

DLA PIPER LLP (US), a Maryland limited liability partnership, and CARYN G. SCHECHTMAN, a natural person,

Defendants,

-and-

LINK MOTION INC., a Cayman Islands limited company f/k/a NQ MOBILE INC.

Nominal Defendant.

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Case No. 1:21-cv-10911 (VM)

DECLARATION OF NANCY HART IN SUPPORT OF DEFENDANTS' RULE 11 MOTION SEEKING SANCTIONS

I, NANCY HART, hereby declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the following is true and correct:

1. I am an attorney at law duly licensed to practice before the courts of the State of New York. I am a partner in the law firm of Gibson, Dunn & Crutcher LLP, and I am counsel of record for Defendants DLA Piper LLP (US) ("DLA Piper") and Caryn G. Schechtman (collectively "Defendants") in this action. As such, I am fully familiar with the facts set forth in this Declaration.

2. I respectfully submit this Declaration in support of Defendants' motion, pursuant to Federal Rule of Civil Procedure 11, for an order imposing sanctions on Plaintiff China AI Capital Limited ("Plaintiff" or "China AI") and its counsel, Michael Maloney and Rosanne

Felicello of Felicello Law P.C. (collectively “Plaintiff’s Counsel”), for filing the Complaint in this action (“Compl.” ECF 1).

3. Attached hereto as **Exhibit A** is a true and correct copy of a December 13, 2018 email from Michael D. Cilento at The Seiden Group to Jack Kantrowitz at DLA Piper, copying Defendant Schechtman, and a December 13, 2018 email from Defendant Schechtman to Dr. Vincent Shi, then-Chairman of nominal defendant Link Motion, Inc. f/k/a NQ Mobile Inc. (“Link Motion” or the “Company”).¹

4. Attached hereto as **Exhibit B** is a true and correct copy of a compilation of December 2018 and January 2019 communications between Defendant Schechtman and Dr. Vincent Shi at Link Motion, as well as others, sent via the WeChat message application.

5. Attached hereto as **Exhibit C** is a true and correct copy of December 13 and 14, 2018 emails between Michael D. Cilento at The Seiden Group and Defendant Schechtman, and from Defendant Schechtman to Dr. Vincent Shi at Link Motion.

6. Attached hereto as **Exhibit D** is a true and correct copy of January 14 and 18, 2019 emails from Jason Chang at DLA Piper, copying Defendant Schechtman, to Dr. Vincent Shi and the Link Motion Board of Directors.

7. Attached hereto as **Exhibit E** is a true and correct copy of December 2018 emails between Michael D. Cilento at The Seiden Group and Defendant Schechtman and Marc Silverman at DLA Piper, as well as a January 20, 2019 email from Defendant Schechtman to Dr. Vincent Shi at Link Motion attaching a draft stipulation.

¹ Certain of the exhibits to this Declaration are communications between DLA and its former client, Link Motion Inc. (“Link Motion”). Under New York’s Rules of Professional Responsibility, Defendants may reveal or use confidential information in order to defend themselves against an accusation of wrongful conduct. *See* Rules of Professional Conduct [22 NYCRR 1200.0] rule 1.6(b)(5). Here, China AI in federal court—and now DLA’s former client Link Motion in New York State Court—have asserted a legal malpractice claim against Defendants. But in any event, as a further precaution, Defendants sought and obtained permission from the Receiver’s counsel to disclose the materials for the Rule 11 motion to the Court.

8. Attached hereto as **Exhibit F** is a true and correct copy of a Form 6-K publicly filed by Link Motion with the Securities and Exchange Commission (“SEC”) on March 31, 2017, attaching a March 30, 2017 Link Motion press release announcing the Company’s execution of definitive agreements to sell its equity interests in FL Mobile Jiutian Technology Co., Limited and Beijing Showself Technology Co., Limited to Tongfang Investment Fund Series SPC.²

9. Attached hereto as **Exhibit G** is a true and correct copy of relevant excerpts of a Form 20-F for the fiscal year ended December 31, 2016, which was publicly filed by Link Motion with the SEC on April 26, 2017. I am familiar with the full contents of this Form 20-F for the fiscal year ended December 31, 2016. I possess and shall maintain a complete copy of the document until after a final court disposition in this action.³

10. Attached hereto as **Exhibit H** is a true and correct copy of a Form 6-K publicly filed by Link Motion with the SEC on December 15, 2017, attaching relevant excerpts of a December 14, 2017 Link Motion press release regarding the Company’s unaudited financial results for the first, second and third quarters of fiscal year 2017, and attaching a December 14, 2017 Link Motion press release announcing that the Company has completed the sale of its equity interests in FL Mobile Jiutian Technology Co., Limited and Beijing Showself Technology Co., Limited to Tongfang Investment Fund Series SPC. I am familiar with the full contents of this December 15, 2017 Form 6-K and its exhibits. I possess and shall maintain a complete copy of the documents until after a final court disposition in this action.⁴

² Available at <https://www.sec.gov/Archives/edgar/data/0001509986/000119312517105002/0001193125-17-105002-index.htm>.

³ Available at <https://www.sec.gov/Archives/edgar/data/1509986/000119312517137511/d346488d20f.htm>.

⁴ Available at <https://www.sec.gov/Archives/edgar/data/0001509986/000114420417063805/0001144204-17-063805-index.htm>.

11. Attached hereto as **Exhibit I** is a true and correct copy of a Form 6-K publicly filed by Link Motion with the SEC on February 9, 2018, attaching a February 7, 2018 letter to Link Motion Shareholders from Dr. Vincent Shi, Chairman of the Board.⁵

12. Attached hereto as **Exhibit J** is a true and correct copy of a Form 6-K publicly filed by Link Motion with the SEC on April 11, 2018, attaching an April 10, 2018 Link Motion press release regarding the Company's unaudited financial results for the fourth quarter and fiscal year 2017.⁶

13. Attached hereto as **Exhibit K** is a true and correct copy of an Equity Pledge Agreement entered into between NQ International Limited (*n/k/a* Link Motion) and Tongfang Investment Fund Series SPC in connection with the sale of Link Motion's equity interests in FL Mobile Jiutian Technology Co..

14. Attached hereto as **Exhibit L** is a true and correct copy of a Form 6-K publicly filed by Link Motion with the SEC on September 10, 2018, attaching a September 10, 2018 Link Motion press release announcing the results of a Special Committee's independent investigation and certain changes to Link Motion's Board of Directors.⁷

15. Attached hereto as **Exhibit M** is a true and correct copy of a March 9, 2022 letter from Ng, Lie, Lai & Chan to Arbitrator Anselmo Reyes regarding "Disputes arising from a Share Purchase Agreement dated 30 March 2017 in respect of equity interest in the FL Mobile Jiutian Technology Co., Ltd."

⁵ Available at <https://www.sec.gov/Archives/edgar/data/0001509986/000114420418006776/0001144204-18-006776-index.htm>.

⁶ Available at <https://www.sec.gov/Archives/edgar/data/0001509986/000114420418020127/0001144204-18-020127-index.htm>.

⁷ Available at <https://www.sec.gov/Archives/edgar/data/1509986/000114420418048725/0001144204-18-048725-index.htm>.

16. Attached hereto as **Exhibit N** is a true and correct copy of a March 7, 2022 letter and enclosed exhibits, including the Notice of Motion Seeking Sanctions Pursuant to Rule 11 attached as Exhibit A beginning on page 17, from Nancy Hart to Michael Maloney and Rosanne Felicello regarding Defendants' intention to move, pursuant to Federal Rule of Civil Procedure 11, for an order imposing sanctions on Plaintiff and Plaintiff's Counsel for filing the Complaint in this action.

17. Attached hereto as **Exhibit O** is a true and correct copy of an Affidavit of Service, dated March 10, 2022 and signed by Di Cong Jiang, reflecting that the March 7, 2022 letter and enclosed exhibits attached hereto as **Exhibit N** were served on Plaintiff's Counsel at their place of business on March 8, 2022.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 26, 2022
New York, New York

s/ Nancy Hart

Nancy Hart